BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OFINDIA

ADJUDICATION ORDER NO. EAD-7/BJD/NJMR/107/2018-19

UNDER SECTION15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES,1995

In respect of

Anand Rathi Advisors Ltd.,
(PAN: AAACS6836P)
Corporate Ofice
Trade "D", 10th Floor, Kamala City
Opp: Times Tower
Senapati Bapat Marg, Lower Parel
Mumbai – 400013.

In the matter of Dr. Datsons Labs Ltd., *(Formerly Anjaneya Lifecare Ltd.,)*

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) conducted an investigation in the matter of Initial Public Offer (IPO) by Dr. Datsons Labs Ltd., *(formerly known as Aanjaneya Lifecare Ltd.,) {hereinafter referred to as **"Datsons"**}*, during the period May 27, 2011 and June 30, 2011 *(hereinafter referred to as **"Investigation Period"***) to ascertain any possible violation of the provisions of the SEBI Act and the Regulations made thereunder.

2. Pursuant to investigation, it was observed that Anand Rathi Advisors Ltd., SEBI registered Merchant Banker *(**hereinafter referred to as "ARAL" / "Noticee"**)*, which was one of the Book Running Lead Managers (BRLM) of IPO by Dr. Dataons Labs Ltd., had failed to exercise due diligence in terms of ensuring the adequacy of disclosure in the offer documents.

FACTS OF THE CASE

3. Datsons came out with an IPO of 50,00,000 equity shares of ₹ 10 per share in the price band of ₹ 228 - ₹ 240 per equity share, through book building process.

The public offer constituted 39.76 % of post issue paid-up capital. The bids opened on May 9, 2011 and closed on May 12, 2011. The Book Running Lead Managers (BRLM) for the issue were Anand Rathi Advisors Ltd., and IDBI Capital Market Services Ltd., BRLM). The Red Herring Prospectus was filed with SEBI on April 28, 2011. The company, in consultation with the BRLMs, decided to issue the shares at a price of ₹ 234 per share. The company raised ₹117.00 crores from the market through the IPO. The final Prospectus dated May 18, 2011 was filed with SEBI on May 24, 2011. The allotment of shares took place on May 21, 2011 and the shares were thereafter listed on BSE and NSE on May 27, 2011.

4. In the prospectus at point no. 36 under the heading "Capital Structure", Datsons has stated that it has not raised any bridge loans against the proceeds of the Issue. However, during the course of investigation, it was observed that Datsons had raised Inter Corporate Deposits (ICDs) amounting ₹ 35.85 crores during the period March 2011 to May 2011 and repaid these ICDs through IPO proceeds. However, the same was not mentioned in the final prospectus dated May 18, 2011 filed with the Registrar of Companies (RoC).

5. It was also observed that one of the group companies of Anand Rathi viz. Anand Rathi Share Brokers Limited (ARSBL) had given Inter Corporate Deposits (ICD) of ₹ 2 crores to Datsons on March 31, 2011, which was repaid by Datson on May 26, 2011 from the IPO proceeds. During the course of investigation, ARSBL vide letter dated January 18, 2016 had confirmed of advancing ₹ 2 crores to Datsons on March 31, 2011 and repayment of the same by Datsons on May 26, 2011.

6. It was observed from the website of Ministry of Corporate Affairs (MCA) that Mr. Anand Rathi and Mr. Pradeep Kumar Gupta were directors in both ARAL, the BRLM and ARSBL, who had advanced the amount of ₹ 2 crores as ICD to the company Datsons. Mr. Anand Rathi was director of ARAL and ARSBL w.e.f. June 09, 2005 and November 05, 2009 respectively. Mr. Pradeep Kumar Gupta was director of ARAL and ARSBL w.e.f. November 03, 2009 and March 01, 2011 respectively.

7. In view of the above, the Noticee allegedly failed to exercise due diligence in terms of adequacy of disclosure in the offer document and therefore violated the provisions of Regulation 64(1) of SEBI (ICDR) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III of SEBI (Merchant Bankers) Regulations, 1992.

APPOINTMENT OF ADJUDICATING OFFICER

8. Pursuant to investigation, SEBI initiated Adjudication Proceedings against the Noticee and appointed the undersigned as the Adjudicating Officer vide Order dated November 14, 2017 *(communicated vide Order dated March 16, 2018)* under Section 19 of SEBI Act read with Sub-section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **"Adjudicating Rules"**) to inquire into and adjudge under Section 15 HB of SEBI Act for the alleged violation of the provisions of SEBI (ICDR) Regulations, 2009 and SEBI (Merchant Bankers) Regulations, 1992, by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

9. A Show Cause Notice (hereinafter referred to as "SCN") bearing ref. no. EAD/BJD/NJMR/15132/2018 dated May 18, 2018 was issued to the Noticee, under Rule 4 of SEBI Adjudicating Rules to show cause as to why an inquiry be not held against it in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 15HB of SEBI Act, 1992 for the violation alleged to have been committed by it. I note that the SCNs were duly served upon all the Noticee on May 26, 2018.

10. The Noticee vide letter dated June 8, 2018 requested 4 weeks extension of time for submitting the response to the charges alleged in the SCN, as the matter was 7 years old and requires time to collate all the relevant material. Vide letter

dated June 13, 2018 the Noticee was informed of granting extension of time till June 26, 2018 to submit its response to the SCN.

11. The Noticee vide letter dated June 26, 2018 submitted its reply, the summary of which is furnished hereunder.

(i) *ARAL as BRLM had carried out due diligence on the basis of the information provided by the Issuer Company in the best possible and utmost independent and professional manner.*

(ii) *During the due diligence process for updation of the Draft Red Herring Prospectus (DRHP) to RHP and further for the Prospectus, the Issuer Company has not disclosed that it had raised ICDs amounting to ₹ 35.85 crores and even after requisite due diligence, it was not possible to ascertain the facts suppressed by the Issuer Company in this regard.*

(iii) *The IPO was managed by BRLMs viz., ARAL and IDBI Capital Markets Services Ltd., and in the due diligence process, Crawford Bayley & Co., was assisted as Legal Counsel to the Issue.*

(iv) *Due diligence was conducted on the Issuer Company covering operational, secretarial, financial and business aspects post filing of DRHP with SEBI, to update the RHP. The due diligence was conducted by taking all reasonable steps to verify the veracity and adequacy of the disclosures made in the offer documents. As a matter of prudent practice, all the relevant details / information / documents relating to unsecured and secured loans of the Issuer Company amongst other documents / information during the updation of the DRHP and RHP were sought from the Issuer Company. In the process, the Issuer Company was requested to provide the list of indebtedness covering bother secured and unsecured loans. On no occasion, did the representatives of the Issuer Company disclose to the BRLMs on the raising of ICDs amounting to ₹ 35.85 crores.*

(v) *During the course of due diligence, no documents / documents / agreements were provided by the Issuer Company to the Legal Counsels or the BRLMs with regard to the ICDs. The BRLMs along with the Legal Counsels had numerous rounds of meeting the Issuer*

Company's CFO, MD and Statutory Auditor amongst other to ascertain if there were any material developments after the last audited accounts (i.e., January 31, 2011) that needs to be disclosed in the RHP.

(vi) *In the process of due diligence, various emails / communications were exchanged on general corporate information, management, promoters and promoters group, IPO related agencies, manpower, website, share capital, statutory records and registers corporate governance, operations, branches & offices, financial data, immovable properties and fixed assets, intellectual properties rights, contracts and commitments, insurance, taxation, litigations and claims, regulations and policies, Government approvals and licensing arrangements, competitions and trade regulations, holdings, subsidiary and group companies and material developments. The details of such emails / communications exchanged by BRLMs / Legal Counsels are attached.*

(vii) *Verified the minutes of the meeting of the Board of Directors (Board Meetings) as well as Extra Ordinary General Meeting (EGM) and Annual General Meeting (AGM) of the Issuer Company to verify whether the Issuer Company had discussed any such plans of availing ICDs in any of the board meetings post the filing of the DRHP. As per the records made available to BRLMs by the Issuer Company, no Board Meeting / EGM / AGM held during this period which specifically and expressly records a decision to take ICDs by the Issuer Company.*

(viii) *The BRLMs had also gone through the balance sheet for the year ended March 31, 2011 and March 31, 2012 to cross verify whether the Issuer Company had conducted any other meeting which were not informed to the BRLMs. During this process, the BRLMs learnt that the Issuer Company had provided minutes of all the meetings as stated in their annual reports. Further, in respective Annual Reports, there was no mention about the raising ICDs. Therefore, it is abundantly clear that the Issuer Company deliberately concealed the information regarding ICDs and had no intention to disclose the raising of ICDs to BRLMs and / or its Board of Directors.*

(ix) *As a legitimate part of due diligence exercise, the BRLMs had conducted reasonable due diligence and taken all reasonable steps to ensure true and fair disclosures were made in the Issuer's offer documents and after going through all these due diligence procedures, nothing came to the attention / knowledge of BRLMs to elicit any suspicion on any ICD raising plans by the Issuer Company that would have encourage BRLMs to investigate further on the unsecured loans.*

(x) *With regard to advancement of ₹2 crores by ARSBL to Datsons, it is submitted that Mr. Anand Rathi was not an Executive Director of bother ARAL and ARSBL and was not involved in day to day management of any of these companies. Mr. Pradeep Gupta was also Non-Executive Director of ARAL and was not therefore involved in any day to day activities of ARAL.*

(xi) *Any loans or advances given by ARSBL were in normal course of business and were not required to be approved by the Board and therefore not placed before the board and hence it was not possible for any Director to know this fact and also to correlate it with any on-going IPO issuances.*

(xii) *Both the companies viz., ARAL and ARSBL are managed and run independently by separate independent professional CEOs and other Executives and do not have link with each other.*

(xiii) *The amount of ₹2 crores was not any material amount considering the balance sheet of the Issuer Company.*

(xiv) *It is reiterated that RHP was approved by the members of the Board, CFO, Company Secretary and Compliance Officer, however, neither the board minutes contains any statement / declaration, nor any statement has been recorded regarding issue of ICDs, in the interregnum from the date of filing of DRHP till date of the RHP, which clearly shows that the management of the Issuer Company intentionally concealed / hid these material transactions / information from BRLMs and for which BRLMs cannot be held responsible.*

(xv) *The Noticee places reliance on the Order passed by the Hon'ble Securities Appellate Tribunal in the matter of Almondz Global Securities Ltd., Vs. SEBI, wherein the Hon'ble Tribunal observed as under:*

> *"This takes us once again to the very principle of due diligence. The diligentia that is expected of a Merchant Banker in a given case is such are as would be taken by a reasonable person. It would be the diligence or care a reasonable person would employ in given situation. Degree of such are or diligence would, undoubtedly, differ from case to case and no straight-jacket formula can be prescribed by Law. As already noted, the principle of due diligence is, by nature, incapable of being defined in precise terms and has, therefore, been left open or flexible to be determined in each case as per the existing facts and circumstances".*

(xvi) *In paragraph of SEBI's Order dated August 5, 2014, while dealing with similar allegation of lack of due diligence on the part of PNB Investment Services Ltd., relying upon the verdict of Hon'ble Supreme Court in the case of Chandra Kanta, it has been categorically held by the Learned WTM that "…….in view of the above, the due diligence expected from the Merchant Banker is reasonable diligence. Such obligation has to be enquired into and found out on the higher degree of preponderance of probability taking into account the facts and circumstances of the case. The Merchant banker cannot be expected to look into each and every statement and information provided by the Issuer with suspicion unless the facts and circumstances at the relevant time demand so. Accordingly, the obligation of the Noticee in this case has to be examined keeping in mind the above principles…."*

(xvii) *Bearing in mind the principles of 'due diligence', the BRLM cannot be expected to look at each and every statement and information provided by the Issuer with suspicion unless the facts and circumstances at the relevant time so demand.*

(xviii) *Despite taking all reasonable steps to ensure reasonable due diligence, the Noticee has not come across any ICD raising plans by the Issuer*

Company that would have encouraged the Noticee to investigate further on the unsecured loans.

(xix) In view of the above submissions, the Noticee may be exonerated from the ongoing proceedings.

12. In the interest of natural justice and in terms of Rule 4 (4) of Adjudicating Rules, vide letter dated July 11, 2018, the Noticee was given an opportunity of personal hearing before me, on July 16, 2018. The Noticee vide letter dated July 6, 2018 sought adjournment of personal hearing due to pre-occupation on the scheduled date of hearing. Accordingly, vide letter dated July 11, 2018, the Noticee was informed of adjournment of personal hearing to July 16, 2018. The Noticee vide letter dated July 12, 2018 authorized it's Officials viz., Mr. Jugal Kishore Mantri, Executive Director and Mr. V Prashant Rao, Associate Director *(Authorized Representatives)* to appear before me on the scheduled date of hearing.

13. The Authorized Representatives appeared before me on July 16, 2018 and reiterated the submissions made vide letter dated June 26, 2018. The Authorized Representatives undertook to make additional submissions to demonstrate along with appropriate documentary evidence that the Noticee had carried out proper due diligence for ascertainment of facts with regard to unsecured loans raised by the Issuer Company viz., Dr. Datsons Labs Ltd.,

14. The Noticee during the hearing admitted omission of disclosure in the Prospectus of the ICD advanced by its group company viz., ARSBL for an amount of ₹ 2 crores, as part of due diligence.

15. The Noticee vide letter dated July 22, 2018 made additional submissions to demonstrate that it had carried out reasonable due diligence along with documentary proof w.r.t ICDs raised by the Issuer Company.

16. Further, the Noticee in its submissions admitted that, the fact that ARSBL had lent to the Issuer Company could have been disclosed in the Prospectus, had

ARAL been privy about the loan extended by ARSBL to the Issuer Company, as part of its due diligence process.

17. The Noticee further submitted that the amount of ₹ 2 crores advanced by its group company ARSBL to the Issuer Company, was 0.68% of the total revenue, 1.55% of the net worth and 1.69% of the total debt of the Issuer Company as on January 31, 2011. Therefore, from the above, it is evident that there would not be any material change in the financial terms of the Issuer which could have influenced in the decision regarding IPO of the Issuer Company.

CONSIDERATION OF ISSUES AND FINDINGS

18. After perusal of the material available on record, I have the following issues for consideration viz.,

    I. Whether the Noticee has violated the provisions of Regulation 64(1) of SEBI (ICDR) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III of SEBI (Merchant Bankers) Regulations, 1992?
    II. Whether the Noticee is liable for monetary penalty under Section 15HB of the SEBI Act?
    III. If so, what quantum of monetary penalty should be imposed on the Noticee?

FINDINGS

19. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticees, I record my findings hereunder.

ISSUE I: Whether the Noticees have violated the provisions of Regulation 64(1) of SEBI (ICDR) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct

for Merchant Bankers specified under Schedule III of SEBI (Merchant Bankers) Regulations, 1992?

20. Before moving forward, it is pertinent to refer to the relevant provisions of Regulation 64(1) of SEBI (ICDR) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III of SEBI (Merchant Bankers) Regulations, 1992.

Regulation 64 (1) of SEBI (ICDR) Regulations

The lead merchant bankers shall exercise due diligence and satisfy himself about all the aspects of the issue including the veracity and adequacy of disclosure in the offer documents.

Regulation 13 of SEBI (Merchant Bankers) Regulations

Every merchant banker shall abide by the Code of Conduct as specified in Schedule III

Code of Conduct for Merchant Bankers

Clause 1: A merchant banker shall make all efforts to protect the interests of investors

Clause 2: A merchant banker shall maintain high standards of integrity, dignity and fairness in the conduct of its business

Clause 3: A merchant banker shall fulfil its obligations in a prompt, ethical, and professional manner.

Clause 4: A merchant banker shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.

Clause 6: A merchant banker shall ensure that adequate disclosures are made to the investors in a timely manner in accordance with the applicable regulations and guidelines so as to enable them to make a balanced and informed decision.

Clause 7: A merchant banker shall endeavour to ensure that the investors are provided with true and adequate information without making any misleading or exaggerated claims or any misrepresentation

and are made aware of the attendant risks before taking any investment decision.

Clause 21: A merchant banker shall maintain an appropriate level of knowledge and competence and abide by the provisions of the Act, regulations made thereunder, circulars and guidelines, which may be applicable and relevant to the activities carried on by it. The merchant banker shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

21. It has been alleged that the Noticee failed to exercise due diligence in terms of ensuring adequacy of disclosures with regard to advancement of ₹ 2 crores by ARSBL to Datsons in the offer document in respect of the IPO by Dr. Datsons Labs Ltd.,

22. Before I proceed further with the charges, I consider it necessary to understand what due diligence means and the activities involved in discharging the same. The expression "Due Diligence" has been interpreted by Hon'ble Supreme Court of India, in the matter of Chander Kanta Bansal V. Rajinder Singh Anand (2008) 5 SCC 117. The relevant extract of the judgment reads as: *"…….According to Oxford Dictionary (Edn. 2006), the word "diligence" means careful and persistent application or effort. "Diligent" means careful and steady in application to one's work and duties, showing care and effort. As per Black's law Dictionary (18th Edn), "Due Diligence" means the diligence reasonably expected from, and ordinarily exercised by, a person who seeks to satisfy a legal requirement or to discharge an obligation. According to Words and Pharses by Drain-Dyspnea (Permanent Edn. 13-A) "due diligence", in law, means doing everything reasonable, not everything possible. "Due Diligence" means reasonable diligence; it means such diligence as a prudent man would exercise in the conduct of his own affairs….."*

23. Bearing in mind these principles governing 'due diligence', the merchant banker cannot be expected to look at each and every statement and information provided by the issuer with suspicion unless the facts and circumstances at the relevant time so demand. At the same time, the merchant banker is expected not to passively or mechanically disclose whatever is given to it by the issuer but to exercise reasonable diligence to ensure adequate, true and fair disclosures in the RHP/Prospectus.

24. It is observed that Dr Datson Labs Ltd, raised ICDs from certain entities in the form of short-term loans before the date of filing the RHP and Prospectus with SEBI on April 28, 2011 and May 24, 2011 respectively. In the Prospectus, under the head, Capital Structure, Datsons had stated that it had not raised any bridge loans against the proceeds of the Issue. However, investigations revealed that Datsons had raised ICDs amounting to ₹ 35.85 cores during the period March 2011 and May 2011 and repaid these ICDs through IPO proceeds. Out of the ₹ 35.85 crores, ₹ 2 crores were raised by Datsons from ARSBL, which is the group company of the Noticee and repaid the same from the issue proceeds.

25. I note that ARSBL, the group company of Noticee (ARAL), on March 31, 2011 had advanced ₹ 2 crores as ICD to the Issuer Company, which was later repaid by the Issuer Company from the IPO proceeds on May 26, 2011. It was alleged that the Noticee failed to make disclosure of advancement of loan by ARSBL to Datsons in the offer document.

26. In the facts and circumstances of this case, the question that needs to be determined in these proceedings is whether there was anything that could have excited suspicion/doubts in the minds of the Noticee and as part of its due diligence obligation, the Noticee was reasonably expected to find out the fact about the raising of ICDs by the Issuer Company from the group company of the BRLM.

27. I note that there were common directors on the board of ARSBL and ARAL during the relevant period. I also note from the submissions of the Noticee that

the advances given by ARSBL are as part of normal course of business and it does not require to be placed and approved before the Board of the Directors of ARSBL. Therefore, the Noticee contended that it was not possible for any Director to know the fact of advancement of ICDs by ARSBL to Datsons. I am not inclined to accept the submission as both the companies are under same management as per Section 370 1(b) of Companies Act, 1956, since the Directors of BRLM i.e. ARAL and the entity providing ICD to Datsons i.e. ARSBL were same.

28. I note that Datsons was raising funds by way of IPO and that ARAL was one of the BRLMs of the Issue, which was in public domain. Therefore, I am of the view that ARSBL, the group company of ARAL cannot be said to be unaware of the fact that ARAL was the BRLM in respect of the IPO by Datsons. I note that ARSBL was a stockbroking arm of the Noticee and not into NBFC activities and yet lent to the Issuer Company for short term, which was unsecured. I am of the view that such type of unsecured loan would be advanced only to a known borrower and not otherwise. Further, the lender would reasonable satisfy itself of the repayment capacity and source of repayment by the borrower. From the timing of advancement of loan by ARSBL i.e., March 31, 2011, I note that ARAL was preparing the offer document of Datsons by then and seeking various information/ documents from the Issuer Company. Based on the sequence of events, nature & timing of loan and repayment of loan *(through IPO proceeds),* I cannot rule out the possibility of the Noticee having knowledge of lending to the issuer company by ARSBL.

29. In this regard, I note that the Noticee did not call for the relevant board minutes from the issuer company and merely entered into correspondence with the issuer company regarding their state of indebtedness, prior to the issue and accepted the company's "nil" statement, all the while having full knowledge of such loan transactions of the issuer company with ARSBL. As a SEBI registered intermediary, it was expected that the BRLM would ensure proper care and exercise due diligence in its role as a Merchant Banker which ARAL has failed to demonstrate in this case.

30. In view of the foregoing, I conclude that the Noticee has not carried out proper due diligence in ascertaining the accuracy of the disclosures made in the offer documents, with respect to advancement of ₹ 2 crores by its group company to Datsons. Therefore, I hold the Noticee for violating the provisions of Regulation 64(1) of SEBI (ICDR) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III of SEBI (Merchant Bankers) Regulations, 1992.

ISSUE -2: Does the violation, if any, attract monetary penalty under Section 15HB of SEBI Act.?

31. In view of the facts mentioned above, I am of the view that the Noticee has not exercised proper due diligence in ensuring the adequacy of disclosures w.r.t advancement of ICDs by ARASBL, in the offer document in respect of the IPO by Dr. Datsons Labs Ltd.,

32. Therefore, the lapse on the part of the Noticee is in violation of the provisions of Regulation 64(1) of SEBI (ICDR) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III of SEBI (Merchant Bankers) Regulations, 1992, which is liable for monetary penalty under Section 15HB of SEBI Act. The provisions of Section 15HB are reproduced hereunder.

Section 15HB of SEBI Act - *Whoever fails to comply with any provision of this Act, the Rules or the Regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a* penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

ISSUE – 3: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

33. While determining the quantum of monetary penalty under Section 15HB of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 15J - Factors to be taken into account by the Adjudicating Officer

While adjudging quantum of penalty under section 15 - I, the Adjudicating Officer shall have due regard to the following factors, namely:

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

34. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and the loss suffered by the investors as a result of the Noticees' default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticees as a result of default.

35. The failure of the Noticee on its part in ascertaining the advancement of loans by its group company, which was a material information, was not disclosed in the offer document in respect of IPO by Dr. Datsons Labs Ltd., and therefore the conduct of the Noticee cannot be viewed leniently. Therefore, I consider it a fit case for imposition of penalty that meets the ends of justice.

ORDER

36. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, 1995, I hereby impose a penalty of ₹ 5,00,000/- (Rupees Five Lakhs only) on the Notice i.e., Anand Rathi Advisors Ltd.,

37. In terms of the Rule 6 of the Adjudicating Rules, a copy of this order is sent to the Noticee viz., Anand Rathi Advisors Ltd., and to SEBI.

38. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

39. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager, Enforcement Department-1, DRA-III, SEBI, in the format as given in table below

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

40. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: 31 July 2018 **B J DILIP**

Place: Mumbai **Adjudicating Officer**